



CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

Ernie Fletcher
Governor

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Mark D. Birdwhistell
Secretary

Shawn M. Crouch
Commissioner

October 23, 2007

**TO: Physicians (64) Provider Letter Number A-364; Physicians Group (65)
Provider Letter Number A-24; CRNA (74) A-10**

RE: Anesthesia Billing Procedures

Dear *KyHealth Choices* Provider:

The Department for Medicaid Services (DMS) is pleased to announce new billing procedures for anesthesia services that align with Medicare and other large private carriers. In the past, DMS set a flat fee or maximum allowable fee for each type of procedure with no consideration given to length of time. Beginning with dates of service of July 1, 2007, and beyond, billing anesthesia claims to DMS has changed to incorporate time units.

DMS reimbursement for general anesthesia and medical direction is now equal to the lesser of the billed amount or the relative value units (RVUs) for the major procedure PLUS the number of 15-minute time units, multiplied by the anesthesia base rate. DMS assigns RVUs for each procedure, as established by the American Society of Anesthesiologists, for covered anesthesia services. To bill anesthesia time units, enter the number of 15-minute increments of anesthesia time in the *Service Units/Days or Units* box. **Each 15-minute increment equals one time unit; time units shall be expressed in whole numbers, rounded up.**

For example, if the RVU for the anesthesia procedure provided is 4, the surgery lasted an hour and a half (which translates to a billed quantity of 6), and the anesthesia base rate is \$15.20, then the Medicaid reimbursement would be calculated as follows:

$$(4+6) \times 15.20 = \$152.00$$

(Please see reverse side)

KyHealth Choices Provider

October 23, 2007

Page two

The RVU assigned to each procedure code is indicated in the physician services fee schedule. The current base rate is \$15.20.

The RVU includes pre- and post-operative visits, the administration of the anesthetic and incidental administration of fluids and/or blood. DMS will not separately reimburse providers for these services in addition to the reimbursement for anesthesia. Anesthesiologists are not separately reimbursed for drugs administered during anesthesia.

DMS will continue to pay a flat fee for all anesthesia obstetrics services: CPT 01960, 09161, 09167, 09168 and 01969 respectively.

As always, if you have any questions, please feel free to call the Division of Hospitals and Provider Operations at (502) 564-2687 between the hours of 8:00 a.m. and 4:30 p.m. eastern time Monday through Friday.

The Kentucky Department for Medicaid Services appreciates your commitment to providing the needed healthcare services to Medicaid members.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn M. Crouch". The signature is fluid and cursive, with the first name "Shawn" being the most prominent part.

Shawn M. Crouch
Commissioner

Xc: Physicians (64) Provider Letter Number A-364; Physicians Group (65) Provider Letter Number A-24; CRNA (74) A-10

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